



# **DESC Small Business Forum Newport, RI**

## **Installation Energy**

**September 10, 2009**



# Overview



- DESC Installation Energy Programs
- Customer/Stakeholder Support
- DESC Natural Gas Program
- DESC Coal Program
- DESC Electricity Program
- DESC Renewable Energy Program



# Inception of Installation Energy Missions



## DESC-A Installation Energy

### **Coal - established in 1963**

Procurement of coal, testing and delivery for DoD and Federal Civilian Agencies within CONUS. DESC is designated as the centralized procurement agency for coal.

### **Natural Gas - established in 1990**

DESC is the DoD's central procurement agency for direct supply natural gas. DoD's policy is to competitively acquire direct supply natural gas under the natural gas program managed by DESC when cost effective and the program has the same degree of supply reliability as other practical alternative energy sources.

### **Electricity - established in 1996**

DESC is executing the competitive acquisition of Retail Open Access for Department of Defense and Federal Civilian agencies in states that have implemented deregulation. The DOD Components are encouraged to partner w/ DESC and aggregate regional electricity requirements to competitively procure electricity and ancillary services.

### **Renewable Energy - established in 2001**

In December 2001, DESC awarded its first renewable energy contract on behalf of various DoD and Federal Civilian customers in Texas in response to Executive Order (EO) 13123, which encouraged the Federal Government to significantly improve its energy management in order to save taxpayer dollars and reduce emissions that contribute to air pollution and global climate change.



# DESC Installation Energy *Customer/Stakeholder Support*



- **Procurement**

- Offer centralized, competitive acquisition of installation-energy commodities
- Offer procurement support to facilitate the building of on-site renewable energy projects on behalf of our customers
- Purchase of renewable energy and “Green Tags” for DoD & Fed Civ Agencies
- Aggregate Military Services and Federal Civilian customer requirements by local distribution company/pipeline/region to maximize the economic advantage

- **Management & Administration**

- Manage over \$2.3B in natural gas, electricity and coal contracts
- Perform all contract administration of DESC awarded contracts
- Monitor energy market and industry trends
- Participate in negotiations with local distribution companies for rate changes and tariff provisions as requested. Execute transportation agreements with the local utility company, pipeline and/or transmission companies

- **Cost Effectiveness**

- Natural Gas Cost Avoidance
  - In excess of \$381M for the DOD since program inception
  - In excess of \$126M for Federal Civilian Agencies since program inception

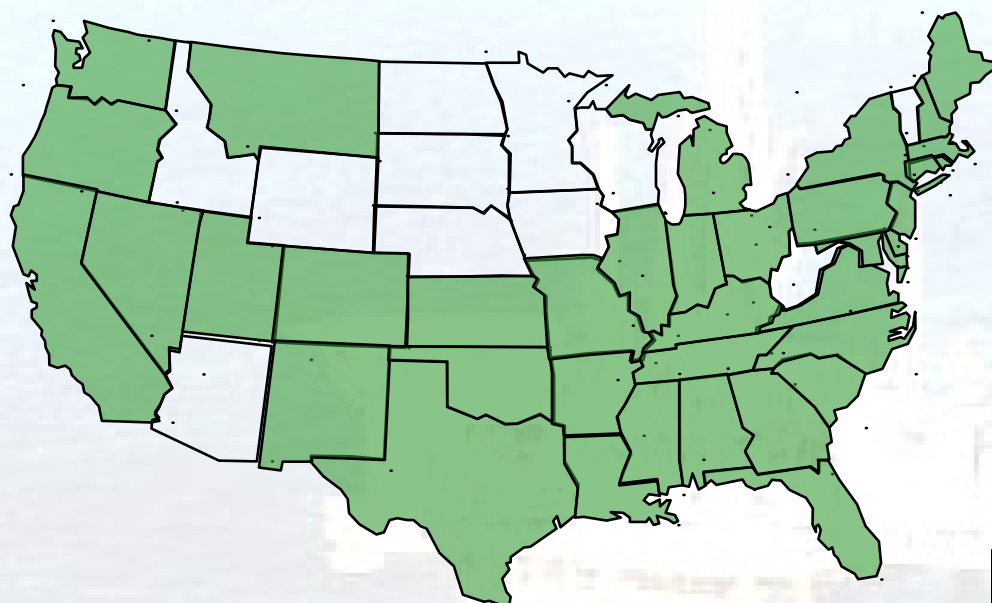
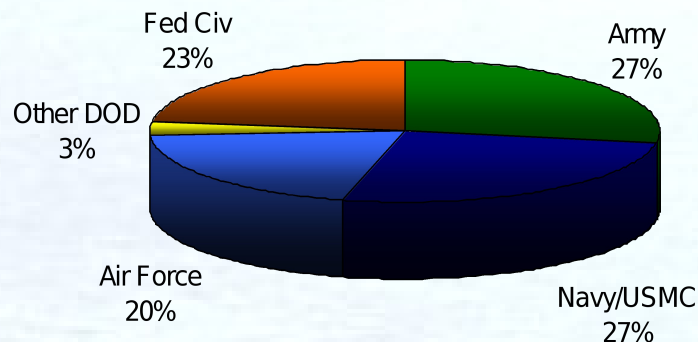


# DESC Natural Gas Program



**DESC is actively managing over 162M dekatherms of natural gas valued at over \$1.03B under multi-year contracts**

## DESC Customer Segmentation



**Contract Coverage in 38 States (including Alaska) plus District of Columbia**

## DESC Natural Gas Program

### Summary

- 200+ DOD & Fed Civ Customers
- 50M+ Dekatherms delivered, annually
- \$30M+ Cost savings, annually



# DESC Coal Program



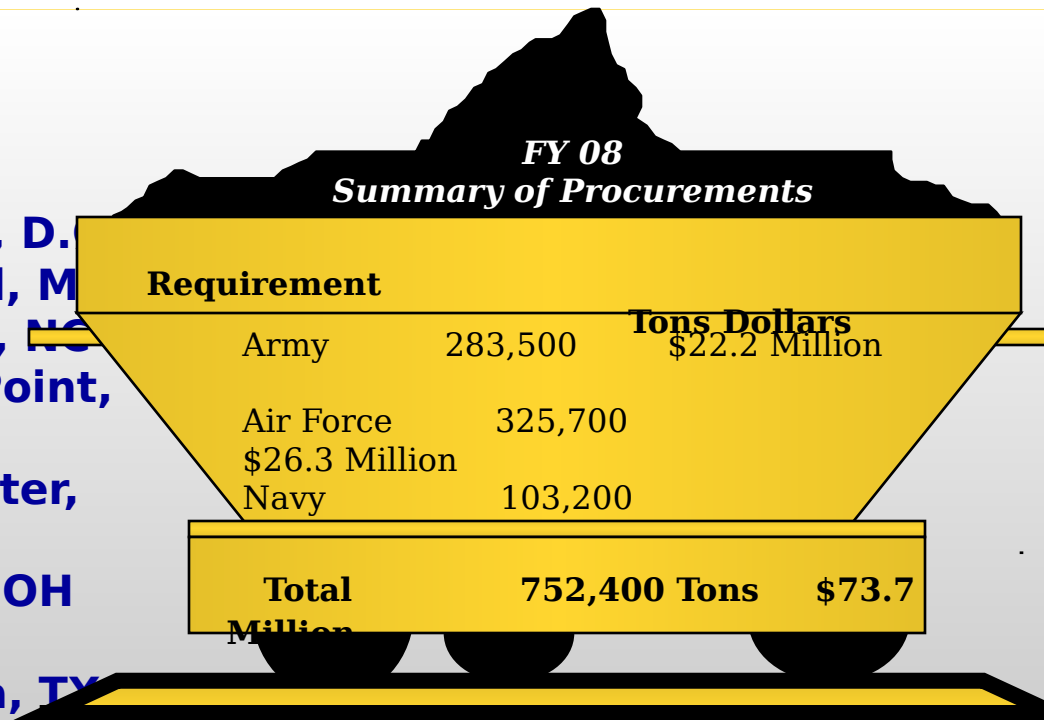
**Customers: 11 DoD  
1 Fed Civ**

## **BITUMINOUS COAL:**

**Capitol Power Plant, Washington, D.  
NAVFAC Washington, Indian Head, M  
Marine Corp Base, Camp Lejeune, NC  
Marine Corp Air Station, Cherry Point,  
NC  
Joint Systems Manufacturing Center,  
Lima, OH  
Wright Patterson Air Force Base, OH  
Rock Island Arsenal, IL  
Red River Army Depot, Texarkana, TX  
Malmstrom Air Force Base, MT**

## **SUB-BITUMINOUS COAL:**

**Ft. Wainwright, AK  
Eielson Air Force Base, AK  
Clear Air Force Station, AK**



## **Dollars And Percent Of Total Dollars:**

**Large Business - \$1,767,960/2.5%**

**Small Business -  
\$68,371,962/97.5%**

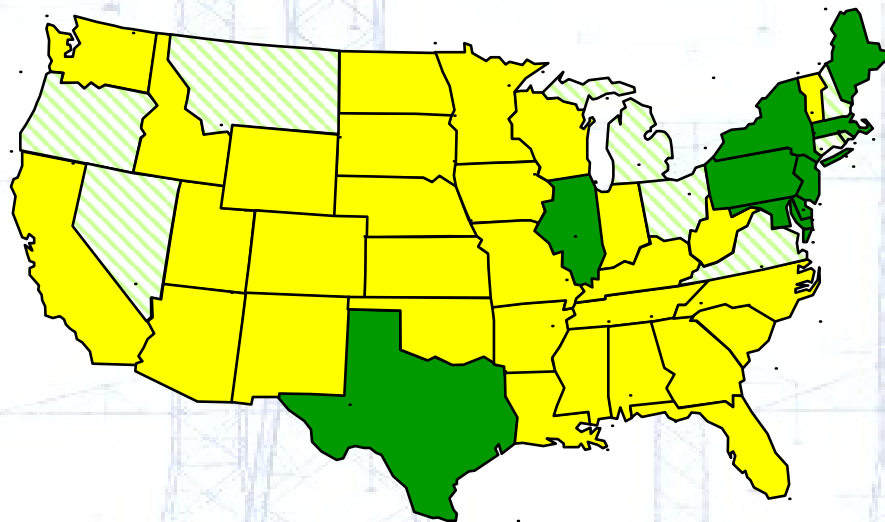
**Total Dollars - \$73,722,822**



# DESC Electricity Program

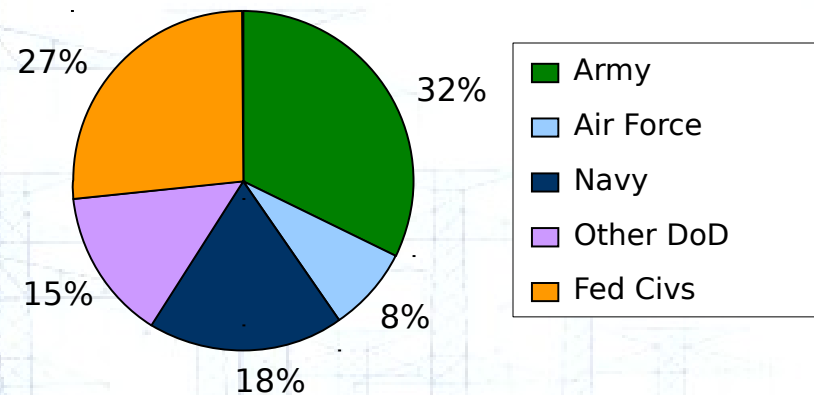


DESC is actively managing over 7.8M megawatt hours of electricity valued at over \$640M under multi-year contracts



-  **Retail Access Implemented, DESC awarded contracts**
-  **Retail Access Implemented, DESC solicited, no awards**
-  **Retail Access not approved, DESC monitoring market**

## DESC Customer Segmentation



DESC has experience in all states in which deregulation/restructuring has occurred and in which requirements have been received.



# Renewable Energy



- **DLA Director's Guidance:**
  - Improve support of renewable energy solutions. As an installation and renewable energy leader for DoD and interagency energy solutions, DLA/DESC will continue to drive DoD and interagency efforts in installation renewable energy support. DLA/DESC will be the energy procurement and execution arm for DoD and interagency consolidated requirements
- **DESC Goal:**
  - To facilitate and serve as the procurement arm for the building of on-site renewable energy projects on behalf of our partners with the intent of meeting or exceeding the goals established in the Energy Policy Act of 2005, Executive Order 13423 and National Defense Authorization Act of 2007



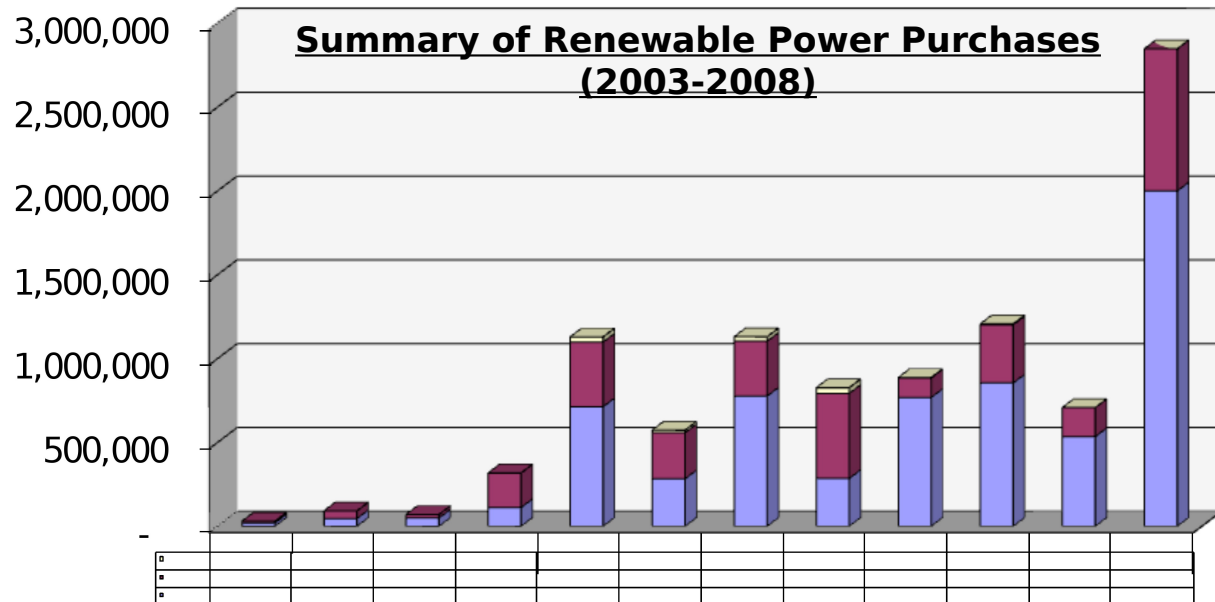


# Renewable Energy Program



**Renewable Power:** Any source of energy that is continually available or that can be renewed or replaced

**Renewable Energy Certificates (RECs):** A derivative product, the market value of which represents the value placed on the environmental benefits of the generation of electricity from specific types of renewable resources.



**Energy Policy Act 2005 Renewable Energy Goals increase from 3% to 5% in FY 2010.**



# Renewable Energy Pilot Project



- Department of Energy, Princeton Plasma Physics Laboratory, NJ
  - Customer Requirements
    - 1 MW roof and ground mounted Solar array
      - 600kW ground (carport structure)
      - 400kW roof array
    - Each item individually evaluated
    - Low Price Technically Acceptable
    - Solicitation issued 17 Feb 09; Closed 15 May 09
  - Lessons Learned/Impending Barriers
    - Financing Capability
    - Roof Quality
    - Interconnection Location
    - Communication of clear customer requirements



# DLA Demonstration Project



- Defense Logistics Agency, Defense Depot San Joaquin, CA
  - Customer Requirements
    - >800kW ground mounted Solar array
    - Low Price Technically Acceptable
    - 10 year PPA
    - Solicitation issued 29 May 09; Closes 28 Aug 09
  - Demonstration Project
    - Renewable Resource to Power Fuel Cell Forklift



# Questions?